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To: Microsoft ATR
Date: 11/21/01 10:02am
Subject: Your Settlement Spells Doom for Hi Tech

Gentlemen:

I've just read an article about how well Microsoft is doing in penetrating new markets... servers, handheld PDA's, even game computers. In servers and PDA's, they're increasing market share much more quickly than their competitors.

And it's no wonder. Microsoft has almost unlimited resources. There's really no market they can't eventually conquer with their deep pockets.

In a free market, competition should be allowed to sort out the winners and the losers. And I agree with that. But in this case, it becomes a question of should the profits from the part of Microsoft that's been judged to be a monopoly (desktop operating systems) be restricted in their use in other markets?

I would think the answer is YES.

I bought a Handspring Visor PDA about a year ago. I love it. Walter Mossberg recently wrote a review for the Wall Street Journal about the latest generation of PDA's that uses Microsoft's Windows CE as the operating system. His conclusion was that the Palm/Handspring devices (which both use the Palm OS) would likely be more satisfactory to business users. And after reading his criticisms of Windows CE, I found myself feeling fortunate that I had chosen Handspring.

Well, due to the size mismatch, Handspring & Palm's days may be numbered. If PDA's that use Windows CE are priced significantly less than Palms & Handsprings, it's obvious what will happen. Most companies can't afford to "buy" market share by selling below cost or, as Microsoft did with web browsers, simply giving their product away. Microsoft can not only afford lavish marketing expenses, but can afford to sell below the margins required by their non-monopoly-subsidized competitors.

If it isn't too late, I wish you'd give this some thought in your settlement negotiations with Microsoft. If your proposed settlement is approved by the court, five years from now Palm and Handspring will likely be fringe companies, much the way Novell (remember Netware) is today. I'll be using Windows CE, not by choice, but because the other companies ran out of profits to fund R&D, and then got left behind. And I'll be cursing you because you let this inevitability occur.

Make Microsoft compete fairly in the new markets it covets. Don't let them use their ill-gotten monopoly profits to pave under the rest of the high

tech sector.

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